

Remarks

For the Claims:

The present response is in reply to the Office Action dated 7 July 2004. This Office Action rejects claims 1-20 under the provisions of 35 U.S.C. §103(a) as being unpatentable over *Joao* (U.S. Patent No. 7,347,302).

MPEP 707.07(g) sets forth the criterion when evaluating a patent application that "Piecemeal examination should be avoided as much as possible." The 7 July 2004 Office Action is the fifth in a series of Office Actions presented in this case. Applicant's responses included Amendments, written arguments, and an Appeal Brief. Applicant's varied and numerous responses appear to have apparently overcome all previous rejections, because the prior rejections have now been replaced by new grounds for rejection in this latest Office Action. Accordingly, this application has been subject to a wrongful, significant piecemeal prosecution, resulting in costly and extensive delays in patent application prosecution. For this reason alone, applicant believes that the rejections set forth in the fifth Office Action are improper. But there are other strong reasons for reconsidering the rejections set forth in the fifth Office Action as well, and such reconsideration is respectfully requested.

Regarding independent claim 1, the Office Action alleges that *Joao* discloses an apparatus and method for processing lease insurance information that includes providing lease insurance. The Office Action further alleges that *Joao* discloses the claim 1 limitations of leasing the item to a customer and establishing a

reserve credit account (RCA) for the customer with the merchant. The Office Action acknowledges that Joao fails to explicitly state Applicant's claim 1 limitation of recording the accumulation of funds in the RCA. However, the Examiner notes that recording funds given by the customer after the financial transaction would have been obvious because Joao uses a computer and recording payments given by a customer to a merchant is usual business practice that would have been performed for accounting, customer inquiries, and record keeping purposes.

The Office Action further indicates that the claim 1 limitations of engaging in a second financial transaction between the customer and the merchant and transferring affected ownership rights to the customer in response to the second financial transaction is enabled in the system of Joao. The Office Action then concludes that it would have been obvious to "have modified Joao to include these features therein in order to present various options to the customer and also to provide record keeping and accounting in the system of Joao."

Regardless of the alleged obviousness of modifying the system of Joao to include the recording step of Applicant's claim 1, at issue here is when given a fair reading, does the prior art teach or suggest all of Applicant's limitations of claim 1. Applicant believes that Joao utterly fails to teach or suggest the limitation of establishing a reserve credit account (RCA) for the customer with the merchant, as defined in the specification. Consequently, Joao cannot teach or suggest any of the operations related to such an account. Nor can Joao imply or suggest modifications to the Joao system that would cause it to more closely resemble Applicant's invention of claim 1.

A passage from Joao is cited in the Office Action at column 9, lines 15-25, as an alleged teaching of the establishing operation of independent claim 1. The passage at column 9, lines 15-25, is respectfully reproduced below for the Examiner's convenience:

In FIGS. 2A and 2B, the method and/or operation of the apparatus commences at step 20. At step 21, data and/or information pertaining to the vehicle to be leased, including type, year, make and model, along with the lease term and any other pertinent information related to the lease (i.e. mileage allowance, down payment, security payment, lease end purchase option and price, etc.) will be selected and input into the apparatus 100. Information pertaining to insurance coverage for post-warranty repairs, if desired, is also selected and input at step 21.

This passage lists data related to the specifics of the item to be leased (i.e., type, year, make and model). This passage also lists information related to the details of the lease (i.e., lease term, mileage allowance, down payment, security payment, lease end purchase option and price). This passage further mentions information related to insurance coverage for post-warranty repairs. However, this passage fails to provide any information resembling Applicant's claimed reserve credit account. Nor does the Office Action provide any line of reasoning as to what term in this passage may be equated with Applicant's claimed reserve credit account.

The lease-related information includes terminology well understood in the leasing business. For example, lease term is the duration of the lease. Mileage allowance establishes the average miles per year that the vehicle may be driven during the lease. Down payment is a cash payment paid by a buyer when he or she purchases a major piece of property, such as a car or house. Security payment may represent a sum of money required by the

merchant as security against the customer's failure to fulfill the contract (i.e. security deposit). Lease end purchase option represents the opportunity to purchase the leased item at the price determined at the beginning of the lease, and of course, price represents the amount of money needed to purchase the item.

None of the lease-related information listed in the Joao passage relates to the claim 1 limitations of establishing a reserve credit account (RCA), recording the accumulation of funds in the RCA in response to payments voluntarily given to the merchant by the customer, engaging in a second financial transaction between the customer and the merchant that causes funds recorded in the RCA to be reduced, and transferring affected ownership rights of the item or another item to the customer in response to the second financial transaction.

The establishing operation of claim 1 is described in Applicant's specification on page 12, line 26, through page 13, line 16. In addition, the claimed reserve credit account (RCA) is described in this same passage. To provide a context within which to appreciate applicant's recited RCA, applicant's specification teaches that in one preferred embodiment the RCA may have three components, including an unmatched contribution, a matched contribution, and a matching contribution. The sum of these contributions represents a total in the RCA which may be used in the secondary transaction. In general, the unmatched and matched contributions register funds voluntarily contributed to the merchant by customer. Such funds are voluntarily contributed because customer has no contractual or other legal obligation to do so. The matching contribution represents a register for funds contributed by the merchant.

In the absence of any explanation found in the Office Action, one might assume that the Office Action is alleging that the Joao

reference to a security payment (i.e., security deposit) is somehow equivalent to Applicant's claimed reserve credit account. However, a security payment is not voluntarily given to the merchant by the customer. Rather, such a security payment (i.e., security deposit) is compulsory. The merchant requires the security payment in order to fulfill the terms of the lease initiation. As such, the lease to which the security payment applies will not take place if the customer does not pay the security payment (i.e., security deposit).

Or, the Office Action might alternatively be alleging that the Joao teaching of optionally selecting an insurance policy which provides incentive for maintaining the vehicle with no, and/or minimum, wear and tear and/or with no, and/or minimum, damage during the lease term (col. 9, lines 32-42) is somehow equivalent to Applicant's claimed reserve credit account. One may argue that acceptance of the Joao insurance policy is a voluntary act because Joao teaches that the individual and/or business entity may or may not select an insurance policy (col. 9, lines 32-36). However, after a customer accepts the Joao insurance policy, insurance premiums are not voluntarily given to the merchant by the customer. Rather, payment of the policy premium or partial premium becomes obligatory.

Furthermore, if the Joao insurance policy for which the customer pays premiums was somehow equated with the claimed RCA, a merchant and a customer cannot engage in a second financial transaction that causes the funds recorded in connection with the hypothetical insurance policy to be reduced. Even if insurance policy coverage is triggered and the insurance provider assumes responsibility for and effects payment to the owner of the leased item (i.e., the merchant), such insurance payout does not transfer affected ownership rights of the item or another item to the customer, as recited in Applicant's transferring operation of

claim 1. Rather, the owner of the leased item is merely compensated for damage to the item or loss of value of the item.

MPEP 706.02(j) and MPEP 2143 set forth the three basic criteria for making a *prima facie* case of obviousness, as follows:

To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, not in applicant's disclosure.

The Office Action assertion that it would have been obvious to modify *Joao* to record an accumulation of funds given by the customer is not relevant because *Joao* fails to teach or suggest the claim limitation of establishing a reserve credit account (RCA). Nothing about a security payment, payment of an insurance premium, or any other text within the *Joao* reference implies, suggests, or otherwise operates as a credit or a reserve credit account. Consequently, *Joao* fails to teach or suggest the subsequent operations of recording, engaging, and transferring related to such an account, as recited in claim 1.

Moreover, there is no text within the *Joao* reference that implies or suggests an accumulation of funds voluntarily given to the merchant by the customer. *Joao* teaches or suggests only of a customer making rental, lease, insurance, or other compulsory payments to a merchant after the leasing transaction. The customer is compelled or obligated to make such payments by the

leasing transaction, and imposing this obligation on the customer is one of the primary purposes of the leasing transaction. Such compulsory payments made by the customer to the merchant after the leasing transaction are certainly not voluntary.

For the reasons set forth above, Applicant believes that no *prima facie* case has been made against claim 1, and claim 1 should be found allowable. While the previous discussion was specifically directed to claim 1, the limitations of claim 1 are read into claims 2-15. Accordingly, claims 2-15 should also be found allowable for the reasons set forth above. Likewise, independent claims 16 and 20 include limitations that are similar to those found in claim 1, and the limitations of independent claim 16 are read into dependent claims 17-19. Accordingly, claims 16-20 should be found allowable for the reasons set forth above.

While all claims should be found allowable for the above-discussed reasons, additional reasons apply to specific claims. For example, with respect to claims 4 and 17, the Office Action apparently relates the alleged obviousness of recording an accumulation of funds discussed in connection with claim 1 as some sort of reasoning for supporting a rejection of claims 4 and 17. Claims 4 and 17 include the further limitation of "recording a further accumulation of funds in said RCA beyond said payments voluntarily given to said merchant by said customer." As stated in W.L. Gore & Associates, Inc. v. Garlock, Inc., 220 USPQ 303, 312-13 (Fed. Cir. 1983), cert. denied, 469 U.S. 851 (1984):

To imbue one of ordinary skill in the art with knowledge of the invention in suit, when no prior art reference or references of record convey or suggest that knowledge, is to fall victim to the insidious effect of a hindsight syndrome wherein that which only the inventor taught is used against his teacher.

Joao fails to teach or suggest the claim limitations of a reserve credit account (RCA) to which voluntary payments are made, as discussed above. But even ignoring these claimed elements that are found in Applicant's specification but not in the prior art, nothing in the prior art teaches or suggests further accumulating funds in the RCA beyond those funds voluntarily paid to the RCA by the customer. This amounts to a mischaracterization of the prior art that evidences the impermissible application of hindsight, where the teaching found only in Applicant's specification is being used against its teacher. This provides additional evidence supporting a finding of non-obviousness with respect to claims 4 and 17.

With respect to claim 8, the Office Action states that the "accumulation of funds has been discussed above in respect to claim 1." Claim 8 recites the limitation of setting a purchase price for the item as a part of the first transaction, the purchase price being sufficiently high so that a theft of the item would be a felony. The Office Action statement regarding an "accumulation of funds" appears to be irrelevant with respect to claim 8. Nowhere in the *Joao* reference is there discussion of setting purchase prices sufficiently high so that theft of the item would be a felony. Such a mischaracterization of the prior art provides further evidence that hindsight obtained from Applicant's specification has been used against its teacher and that any finding of obviousness should be reversed.

With respect to claims 5-7, the Office Action generically states "see the teachings of *Joao*." Claims 5-7 should be found allowable for the reasons presented above in connection with the discussion of claim 1. A review of the teachings of *Joao* again indicates a mischaracterization of what the prior art fully and fairly teaches, which evidences the impermissible application of

hindsight and provides strong evidence in support of reversal of an obviousness rejection.

Claim 5 includes the limitation of the item being substantially non-depreciating. There is no implication or suggestion in *Joao* to indicate that the leased entity is non-depreciating. *Joao* relates directly to providing insurance products for leased and/or rented articles. Exemplary articles listed in *Joao* include vehicles, motor vehicles, boats, recreational vehicles, airplanes, aircraft, motorcycles, office equipment, computers, computer equipment, and other articles (col. 2, lines 21-28). It is well known that these listed articles depreciate.

The term "depreciation" means "A decline in the value of a property due to general wear and tear," WebFinance, Inc., copyright 1997-2004. *Joao* is directed particularly toward providing insurance policies, products, services and/or coverage for protection against liability that may arise as the result of excess wear and tear to a leased entity and/or for liability which may arise for post-warranty repairs (col. 3, lines 56-67). The wear and tear and repairs contribute to the pace of depreciation of an article. Accordingly, it is implicit in the *Joao* teachings that the articles to be leased or rented are likely to depreciate.

Claim 6 includes the limitation of the item being jewelry, and claim 7 includes limitation of performing a gemstone identification process. Although *Joao* mentions many articles that may be leased, *Joao* utterly fails to teach or suggest leasing jewelry. The specific recitation of vehicles, motor vehicles, boats, recreational vehicles, airplanes, aircraft, motorcycles, office equipment, computers, and computer equipment certainly does not indicate "jewelry" as recited in claim 6, and

the generic indication of "other articles, personal and/or commercial" fails to provide the teaching or suggestion required for making a *prima facie* case of obviousness. Since Joao fails to teach or suggest the item being jewelry, as recited in claim 6, it follows that Joao simply cannot teach or suggest performing a gemstone identification process as part of a leasing transaction, as recited in claim 7. Accordingly, reconsideration of claims 5-7 is respectfully requested.

With respect to claim 13, claim 13 includes the limitation of occasionally sending statements from the merchant to the customer, the statements indicating quantities of funds recorded in the RCA for the customer. As discussed in detail above, Joao does not teach or suggest Applicant's claimed establishing a reserve credit account (RCA). Consequently, Joao cannot teach or suggest any of the operations related to such an account, such as the claim 13 limitation of indicating quantities of funds recorded in the RCA for the customer. Accordingly, claim 13 should be found allowable.

Claim 19 also includes the limitation of occasionally sending statements from the merchant to the customer, the statements indicating quantities of funds recorded in the RCA for the customer. Accordingly, Office Action allegations made in connection with claim 19 should also have been made in connection with claim 13. Thus, the following discussion applies equally to claim 13. The Office Action asserts that it would have been obvious to occasionally send statements to the customer "so that the customer is informed of the amount currently owed or to be updated with his/her account" (emphasis added).

Proper examination requires that claim 19 be evaluated as whole. That is, claim 19 does not only recite the step "occasionally sending statements." Rather, claim 19 recites the

step of occasionally sending statements from the merchant to the customer, the statements indicating quantities of funds recorded in the RCA for the customer. When taken as a whole, it becomes apparent that the invention of claim 19 is no way related to informing the customer of "the amount currently owed" as alleged in the Office Action. Rather, the statements of claim 19 indicate the quantities of funds recorded (accumulated) in the RCA. Again as discussed in detail above, Joao does not teach or suggest Applicant's claimed establishing a reserve credit account (RCA). Consequently, Joao cannot teach or suggest any of the operations related to such an account, such as the claim 19 limitation of indicating quantities of funds recorded in the RCA for the customer. Accordingly, claim 19 should be found allowable.

Applicant believes that the foregoing remarks are fully responsive to the rejections recited in the 7 July 2004 Office Action and that the present application, including claims 1-20, is in a condition for allowance. Accordingly, reconsideration of the present application is respectfully requested. Given the lengthy prosecution history of this case, the Examiner is respectfully encouraged to call the below-indicated attorney if the Examiner believes that such a call might be helpful to the examination of this application or to the expeditious allowance of claims.

Respectfully submitted,

A handwritten signature in cursive script, reading "Lowell W. Gresham", written in dark ink.

Lowell W. Gresham
Attorney for Applicant
Reg. No. 31,165